



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR



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LOS ANGELES, CALIFORNIA 90012


MARK J. SALADINO
TREASURER AND TAX COLLECTOR

July 29, 2004

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TO: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **CREDIT CARD PROPERTY TAX PAYMENT SERVICE**

In accordance with your Board's Cost Neutral Acceptance Policy adopted on February 3, 1998, I implemented an interactive voice response (IVR) system for credit card payments of secured property taxes in November 1998. The use of the program by the public has steadily increased every year since inception. For the fiscal year ended June 30, 2004, the IVR system processed 46,437 credit card transactions, collecting \$87,378,284.51 in secured property tax payments.

The program is cost neutral since a service fee is charged to the cardholder by the County's third party vendor to offset the costs of receiving and processing the credit card transaction. The third party vendor pays the card company discount fee and retains the balance for processing the transaction via the IVR. Since there are no costs to pay, the County receives 100% of the secured property tax collection. Presently, the service fee payable by the cardholder is 2.00% of the transaction amount plus \$3.00.

Visa and MasterCard Associations, however, announced changes that increase the interchange fees. Because of the interchange fee increase, the discount fee paid by the third party vendor will increase. Therefore, the service fee charged to the cardholder for the property tax program will increase to 2.10% plus \$3.00 effective August 1, 2004.

Credit card rules and regulations prohibit card discrimination and require that we charge the same service fee for all cards that we accept on the IVR system. Therefore, since we also accept the American Express card on the IVR system, we must charge American Express cardholders with the new service fee effective August 1, 2004.

The Honorable Board of Supervisors
July 29, 2004
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The Auditor-Controller has reviewed and approved the new service fee amount as required by your Board's Cost Neutral Acceptance Policy. Should you or your deputies have any questions or require additional information concerning the service fee increase, please contact Mark Oune of my staff at (213) 974-7363 or feel free to contact me at (213) 974-2101.

MJS:MMO

RM:QB

qb:d:\cc\eds\service fee\bos

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
Auditor-Controller